Deadline to pass funding plan near: Government shutdown could be 'bad for U.S. economy'

By Elissa Salamy
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WASHINGTON (SBG) - House Democrats passed a short-term bill to suspend the debt limit and avoid a government shutdown, funding current government operations through December 3. But to prevent a government shutdown, Congress has to pass a funding play by Sept 30. If that deadline isn't met, economist Scott Lincicome says it could be "bad for the U.S. economy."
"If you end up with not extending the debt limit, essentially, you're going to force the Treasury Department to make a choice. Either it continues to make payments to Social Security and all these other programs, or it stops paying interest on the debt" said senior fellow at the Cato Institute Scott Lincicome to The National Desk's Jan Jeffcoat. "That could lead the Treasury's U.S. debt prices to go up significantly, which increases U.S. borrowing costs and imposes a lot of potentially long-term damage on the U.S. economy."

The Washington Post recently reported that a shortage in child-care workers is a "red flag" for the state of the U.S. economy.

"The composition of the labor force itself has really undergone a significant change during the pandemic," said Lincicome. "Changes in growth in certain industries has really put a lot of pressure on other industries, particularly low wage industries like childcare, retail, hospitality, where the workers simply aren't showing up, they're not getting applicants or the workers are quitting.

With President Biden's recent vaccine mandate for employees, some people are leaving their jobs as opposed to getting vaccinated.

"The United States has had vaccine mandates in the past, but they've never had anything like this, which is a federal mandate implemented through an emergency bureaucratic rule," said Lincicome. "It raises all sorts of questions about how a lot of companies, particularly smaller ones that are just under that 100 employee threshold, are going to do this and how's the testing going to work."